CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and nine months ended December 31, 2013

(Unaudited)

CANADIAN MUSEUM FOR
HUMAN RIGHTS

MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Quarterly Financial Report

For the three and nine months ended December 31, 2013

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2013 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2013 Annual Report. Updates for the quarter ended December 31, 2013 are as follows.

Statement of Financial Position: December 31, 2013

Total Assets increased $3.2 million from $336.8 million at March 31, 2013 to $340.0 million at December 31, 2013 due to the increase in Assets under construction that reflects the continued investment in the construction of the museum building, design and fabrication of exhibits, fit up of the gallery and office spaces offset by the use of Restricted cash and the payout from the Holdback account.

Total Liabilities increased $1.8 million from March 31, 2013 primarily due to a net increase in Deferred contributions related to capital assets offset by the payout of the Holdback payable.

Net assets increased by $1.4 million from March 31, 2013 representing excess of revenue over expenses.

Statement of Operations:

For the three months ended December 31, 2013

Parliamentary appropriations were $5.0 million for the three months ended December 31, 2013 in comparison to $3.4 million for the three months ended December 31, 2012.

Expenses for the three months ended December 31, 2013 were $4.7 million in comparison to $3.2 million for the three months ended December 31, 2012. The increase in expenses is mainly attributable to Permanent building expenses now being incurred since the base building achieved substantial completion at March 31, 2013. Museum content and program costs also increased due to the accelerated activities around exhibit, content and program development and museum inauguration.

For the three months ended December 31, 2013 there was an excess of revenue over expenses of $0.4 million due to the timing of the receipt of appropriations.

For the nine months ended December 31, 2013

Parliamentary appropriations were $14.3 million for the nine months ended December 31, 2013 in comparison to $9.2 million for the nine months ended December 31, 2012 due to increased and accelerating activities required to support the museum inauguration in 2014.

Expenses for the nine months ended December 31, 2013 were $13.0 million in comparison to $8.7 million for the nine months ended December 31, 2012. The increase in expenses is mainly attributable to Permanent building expenses now being incurred as the base building achieved substantial completion at March 31, 2013. Museum content and program costs also increased due to additional staff and other costs required for exhibit, content and program development for inauguration.

For the nine months ended December 31, 2013 there was an excess of revenue over expenses of $1.4 million due primarily to the timing of the receipt of appropriations.

Cash Flow:

For the three months ended December 31, 2013

Cash and cash equivalents decreased by $5.3 million in the three months ended December 31, 2013 primarily due to $8.9 million used for assets under construction offset by $2.6 million cash from operating activities and $1.0 million in Government of Canada funding for assets available for use. This is compared to the increase in cash and cash equivalents of $7.1 million in the three months ended December 31, 2012 primarily due to an increase in cash from operating activities and funding received for assets under construction.

For the nine months ended December 31, 2013

Cash and cash equivalents decreased by $21.5 million in the nine months ended December 31, 2013 primarily due to $38.1 million used for assets under construction offset by $12.4 million in Government of Canada funding for assets under construction and available for use and $4.2 million from operating activities. This is compared to the increase in cash and cash equivalents of $6.3 million in the nine months ended December 31, 2012 primarily due to an increase in cash from operating activities, funding received for assets under construction and sale of investments.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to the Capital Project. The base building was substantially complete at March 31, 2013 and the fit-up of the gallery spaces, fabrication and installation of the exhibitions are all underway.

The Museum has announced it will open on September 20, 2014 and has aligned project and work plans accordingly. The Government of Canada has supported CMHR and approved the use of $35 million

advance of future years operating and capital appropriations to the Museum. The Friends of the CMHR were also able to secure a $35 million loan guarantee from the Province of Manitoba. These commitments, together with the support of the City of Winnipeg and the leadership of the private sector, have helped enable the Museum to confirm the timeline for the 2014 Inauguration.

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
February 14, 2014

Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
February 14, 2014

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three and nine months ended December 31, 2013

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2013	March 31, 2013
Assets		
Current assets:		
Cash	$ 9,932	$ 6,871
Restricted cash (note 3)	8,321	22,160
Accounts receivable	494	1,085
Prepaid expenses and other assets	766	138
Holdback account (note 4)	1,087	11,797
	20,600	42,051
Capital assets (note 5):		
Assets available for use	10,089	8,692
Assets under construction	309,315	286,070
Total Assets	$ 340,004	$ 336,813
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 13,686	$ 14,717
Holdback account (note 4)	1,087	11,797
	14,773	26,514
Deferred contributions (note 6)	181	11,320
Deferred contributions related to capital assets (note 7)	314,425	289,783
	314,606	301,103
Net assets:		
Unrestricted	5,527	4,172
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement gains and losses	119	45
	10,625	9,196
Contractual obligations (note 10)		
Total Liabilities and Net Assets	$ 340,004	$ 336,813

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenue:				
Other income	$ 42	$ 32	$ 110	$ 59
Total revenue	42	32	110	59
Expenses:				
Museum content and program	1,604	1,445	4,739	3,691
Permanent building and temporary accommodation	1,449	552	3,661	1,368
Stewardship and corporate management	1,635	1,228	4,605	3,634
Total expenses	4,688	3,225	13,005	8,693
Excess of expenses over revenue before Parliamentary appropriations	(4,646)	(3,193)	(12,895)	(8,634)
Parliamentary appropriations (note 8)	5,015	3,388	14,250	9,193
Excess of revenue over expenses after Parliamentary appropriations	$ 369	$ 195	$ 1,355	$ 559

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Remeasurement Gains and Losses

(Unaudited)

(In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Accumulated remeasurement gains and losses, beginning of period	$ 81	$ (97)	$ 45	$ (303)
Unrealized gains (losses) attributable to:				
Foreign exchange	33	36	69	(10)
Investments	-	(3)	-	(110)
Amounts reclassified to the Statement of Operations:				
Foreign exchange	5		5	9
Amounts reclassified to deferred contributions:				
Investments	-	50	-	400
Net remeasurement gain for the period	38	83	74	289
Accumulated remeasurement gains and losses, end of period	$ 119	$ (14)	$ 119	$ (14)

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

For the three months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	December 31, 2013	December 31, 2012
Net assets, beginning of period	$ 5,158	$ 4,979	$ 81	$ 10,218	$ 8,509
Excess of revenue over expenses after Parliamentary appropriations	369	-	-	369	1,195
Net change in accumulated remeasurement gains and losses	-	-	38	38	83
Net assets, end of period	$ 5,527	$ 4,979	$ 119	$ 10,625	$ 9,787

For the nine months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	December 31, 2013	December 31, 2012
Net assets, beginning of period	$ 4,172	$ 4,979	$ 45	$ 9,196	$ 7,939
Excess of revenue over expenses after Parliamentary appropriations	1,355	-	-	1,355	1,559
Net change in accumulated remeasurement gains and losses		-	74	74	289
Net assets, end of period	$ 5,527	$ 4,979	$ 119	$ 10,625	$ 9,787

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited) (In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Operating activities:				
Cash receipts (Parliamentary appropriations)	$ 5,203	$ 4,785	$ 15,387	$ 12,390
Cash receipts (other income)	32	31	102	69
Cash payments to and on behalf of employees	(2,056)	(1,582)	(6,086)	(5,012)
Cash payments to suppliers	(534)	35	(5,230)	263
	2,645	3,269	4,173	7,710
Capital activities:				
Acquisition of assets under construction	(8,255)	(16,864)	(35,892)	(45,880)
Acquisition of assets available for use	(724)	-	(2,194)	(1,064)
	(8,979)	(16,864)	(38,086)	(46,944)
Investing activities:				
Proceeds from disposals and redemptions of investments	-	1,002	-	12,821
Revaluation of US currency	37	37	73	(3)
	37	1,039	73	12,818
Financing activities:				
Parliamentary appropriation for the acquisition of capital assets available for use	748	401	851	785
Government of Canada funding for assets under construction and related investment income	288	15,880	11,001	28,113
Contributions from non-government sources for assets under construction and related investment income	-	3,364	500	3,800
	1,036	19,645	12,352	32,698
Increase (decrease) in cash and cash equivalents	(5,261)	7,089	(21,488)	6,282
Cash and cash equivalents, beginning of period				
Operating cash	7,878	6,579	6,871	4,972
Restricted cash and cash equivalents	15,990	13,967	22,160	18,523
Holdback account	733	12,026	11,797	9,884
	24,601	32,572	40,828	33,379
Cash and cash equivalents, end of period				
Operating cash	9,932	6,501	9,932	6,501
Restricted cash and cash equivalents	8,321	19,910	8,321	19,910
Holdback account	1,087	13,250	1,087	13,250
	$ 19,340	$ 39,661	$ 19,340	$ 39,661

The accompanying notes form an integral part of the quarterly financial statements.

1. **Authority and mandate:**

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

2. **Significant accounting policies:**

The quarterly financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2013 Annual Audited Financial Statements.

3. Restricted cash

Restricted cash is restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	December 31, 2013			March 31, 2013	
	Cost	Unrealized gains	Fair value	Cost	Fair value
Restricted cash	$ 8,255	$ 66	$ 8,321	$ 22,150	$ 22,160

The change in restricted cash is comprised of the following:

Nine months ended	December 31, 2013
Balance, beginning of period	$ 22,160
Add contributions received during the period	10,500
Add deferred Parliamentary appropriations	1,000
Add deferred interest income	137
Add unrealized gain on cash	57
Less amounts used to purchase capital assets	(25,533)
Balance, end of period	$ 8,321

4. Holdback cash account:

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The base building holdback of $11.8 million as of March 31, 2013, the substantial completion date, was paid out including interest on June 14, 2013. As of December 31, 2013 the holdback relates to seasonal base building work and the exhibit fit-up construction. The total holdback cash account balance and related liability at December 31, 2013 was $1.1 million (March 31, 2013 - $11.8 million) of which $1.1 million (March 31, 2013 - $11.8 million) is current.

5. Capital assets:

	Cost March 31, 2013	Additions	Disposals	Cost December 31, 2013
Land	$ 4,979	$ -	$ -	$ 4,979
Computer equipment, hardware and software	4,274	1,291	59	5,506
Leasehold improvements	563	-	-	563
Furniture and equipment	274	769	-	1,043
Website development	57	-	-	57
Sub-total – Assets available for use	10,147	2,060	59	12,148
Assets under construction	286,070	23,245	-	309,315
	$ 296,217	$ 25,305	$ 59	$ 321,463

	Accumulated amortization March 31, 2013	Amortization expense	Disposals	Accumulated amortization December 31, 2013
Land	$ -	$ -	$ -	$ -
Computer equipment, hardware and software	705	570	-	1,275
Leasehold improvements	563	-	-	563
Furniture and equipment	130	34	-	164
Website development	57	-	-	57
Sub-total – Assets available for use	1,455	604	-	2,059
Assets under construction	-	-	-	-
	$ 1,455	$ 604	$ -	$ 2,059

	Net book value March 31, 2013	Net book value December 31, 2013
Land	$ 4,979	$ 4,979
Computer equipment, hardware and software	3,569	4,231
Leasehold improvements	-	-
Furniture and equipment	144	879
Website development	-	-
Sub-total – Assets available for use	8,692	10,089
Assets under construction	286,070	309,315
	$ 294,762	$ 319,404

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of land reverts back to the City of Winnipeg and The Forks Renewal Corporation should the land no longer be used for the purposes of the Museum, or such other purposes as approved by the previous owners. The Corporation's Management estimated that the Museum's river-front parcel should be valued at $4.9 million plus related legal costs based on the information provided by an independent market evaluation.

The amortization expense for the three and nine months ended December 31, 2013 is $258 and $604 respectively. (Three and nine months ended December 31, 2012 - $168 and $387, respectively).

Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	December 31, 2013	March 31, 2013
Building design and construction	$ 282,535	$ 276,081
Exhibit design and gallery fit-up	26,069	9,709
Website development (Version 3)	327	195
Enterprise Content Management System	384	85
	$ 309,315	$ 286,070

6. Deferred contributions:

Deferred contributions recorded by the Corporation are as follows:

	December 31, 2013	March 31, 2013
Deferred contributions from the Government of Canada restricted for use for the purchase of capital assets	$ 181	$ 11,320

Changes in the deferred contributions balance during the period were as follows:

Nine months ended	December 31, 2013
Balance, beginning of period	$ 11,320
Additions:	
Government of Canada appropriations [1]	10,000
Restricted Deferred Parliamentary appropriations	1,000
Deferred Parliamentary appropriations	2,200
Deferred interest income	137
	13,337
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(23,728)
Amounts recognized as revenue	(748)
	(24,476)
Balance, end of period	$ 181

[1] In June 2012, the Government of Canada approved the use of $35 million of future years' operating and capital appropriations, of which $25 million was authorized for 2012-2013 and $10 million for 2013-2014, received in the nine months ended December 31, 2013. CMHR plans to decrease its level of appropriations over six years commencing in 2018-2019.

7. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets are composed of:

Nine months ended	December 31 2013
Balance, beginning of period	$ 289,783
Amounts transferred from deferred contributions	23,728
Government contributions:	
Other Government of Canada assistance	1,036
Non-government contributions:	
Capital contributions-in-kind from Friends of CMHR	369
Capital contributions-in-kind from the City of Winnipeg	113
Amortization of deferred contributions related to capital assets available for use	(604)
Balance, end of period	$ 314,425

8. **Parliamentary appropriations:**

	Three months ended		Nine months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Main estimates amount provided for operating and capital expenditures	$ 6,200	$ 5,100	$ 17,000	$ 13,300
Reimbursement of paylist expenditures	-	135	134	135
Total Parliamentary appropriations approved in the period:	6,200	5,235	17,134	13,435
Less current year Parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(379)	(1,015)	(1,036)	(1,709)
Amounts transferred to deferred contribution	(400)	(1,000)	(2,200)	(2,920)
Restricted for capital asset acquisitions (deferred contribution)	(1,000)	-	(1,000)	-
Add prior year Parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets available for use	258	168	604	387
Restricted amounts used in the current period for items expensed for accounting purposes	336	-	748	-
	$ 5,015	$ 3,388	$ 14,250	$ 9,193

9. Net assets invested in capital assets:

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	December 31, 2013	March 31, 2013
Capital assets	$ 319,404	$ 294,762
Less amounts financed by deferred contributions related to capital assets	(314,425)	(289,783)
	$ 4,979	$ 4,979

10. Contractual obligations:

In addition to the commitments as at March 31, 2013, the Corporation entered into additional long-term contracts for $3.6 million relating to construction and fit up services for the Capital Project of which $3.3 million will require payment within one year.

11. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.